



QUARTERLY BUDGET REPORT

CITY OF BRYAN, TEXAS
FISCAL YEAR 2008

October 1, 2007 through December 31, 2007

CITY COUNCIL

D. Mark Conlee, Mayor
Jason Bienski, Mayor Pro-tem, Single Member District 3
Al Saenz, Single Member District 1
Paul Madison, Sr., Single Member District 2
Ann M. Horton, Single Member District 4
Ben Hardeman, Single Member District 5
Mike Southerland, At-Large

City Manager

David F. Watkins

Prepared by

Fiscal Services Department
Charles Cryan, Chief Financial Officer

Introduction

This report presents the budgetary position for each of the City's major operating funds. All statements present the current amended annual budget for the fund; a pro-rated and seasonally adjusted budget projection for the October-December period and the actual revenues and expenses for each of the operating funds. This report does not include the operations of BTU. BTU data is reported to the governing board established by the City Council.

Each operating fund of the City is presented with explanations of significant variances from projected year-end balances in the associated narrative following each chart or graph. The year-end projection percentage compares the annual budget to the year-to-date revenues/expenses received or incurred.

Below is a table of contents for this report.

Table of Contents

	Page
Revenues – All Funds (Chart)	3
Revenues – All Funds Narrative	3
Expenses – All Funds (Chart)	6
Expenses – All Funds Narrative	6
General Fund Expenses by Department (Chart)	10
General Fund Expense Narrative	10

CITY OF BRYAN, TEXAS
Revenue Summary for All Funds
Fiscal Year 2008 through December 31, 2007
Quarter 1 - Fiscal Year 2008
25% of budget year lapsed

	FY2007 Actual 12 months	FY08 Revised Budget	YTD Actual @ 12/31/07	YTD Budget Variance	% of Actual to Budget	Year-end % based on YTD
<u>Revenues</u>						
General	\$ 47,366,889	51,059,503	\$ 14,144,575	\$ (36,914,928)	27.70%	110.81%
Community Development	1,519,876	1,951,688	109,121	\$ (1,842,567)	5.59%	22.36%
Warehouse Fund	68,415	-	18,883	\$ 18,883	-	-
Hotel/Motel Tax	261,803	231,872	516	\$ (231,356)	0.22%	0.89%
Oil and Gas	59,477	78,707	9,641	\$ (69,066)	12.25%	49.00%
Special Projects	63,720	65,360	12,346	\$ (53,014)	18.89%	75.56%
Court Technology	61,039	58,295	14,580	\$ (43,715)	25.01%	100.04%
Transportation	3,337,144	3,406,523	850,771	\$ (2,555,752)	24.97%	99.90%
Drainage Improvement	896,567	896,242	228,903	\$ (667,339)	25.54%	102.16%
TIRZ #8-Park Hudson	1,246,086	1,364,324	17,249	\$ (1,347,075)	1.26%	5.06%
TIRZ #10-Traditions	1,939,173	1,902,467	391,445	\$ (1,511,022)	20.58%	82.30%
TIRZ #22-Lauth Devel.	131,202	487,000	-	\$ (487,000)	-	0.00%
TIRZ #19-Nash Street	-	65,450	-	\$ (65,450)	0.00%	0.00%
Bryan Commerce & Development	8,417,648	595,000	(1,408)	\$ (596,408)	-0.24%	-0.95%
Street Improvement Construction	2,545	-	2,993	\$ 2,993	-	-
Debt Service	7,032,818	7,185,016	2,974,546	\$ (4,210,470)	41.40%	165.60%
Water	11,002,060	10,810,474	2,992,545	\$ (7,817,929)	27.68%	110.73%
Wastewater	12,981,514	11,862,772	3,103,220	\$ (8,759,552)	26.16%	104.64%
Airport	862,946	31,100	8,342	\$ (22,758)	26.82%	107.29%
Solid Waste	8,845,317	7,673,048	1,884,593	\$ (5,788,455)	24.56%	98.24%
Self-Insurance Fund	1,841,231	1,525,945	419,022	\$ (1,106,923)	27.46%	109.84%
Employee Benefits Fund	7,151,555	5,934,854	1,665,948	\$ (4,268,906)	28.07%	112.28%
Cemetery Funds	104,098	-	26,653	\$ 26,653	-	-
Miscellaneous Funds	693	-	154	\$ 154	-	-
Total Revenues	\$ 115,193,816	107,185,640	\$ 28,874,638	\$ (78,311,002)	27.04%	107.76%

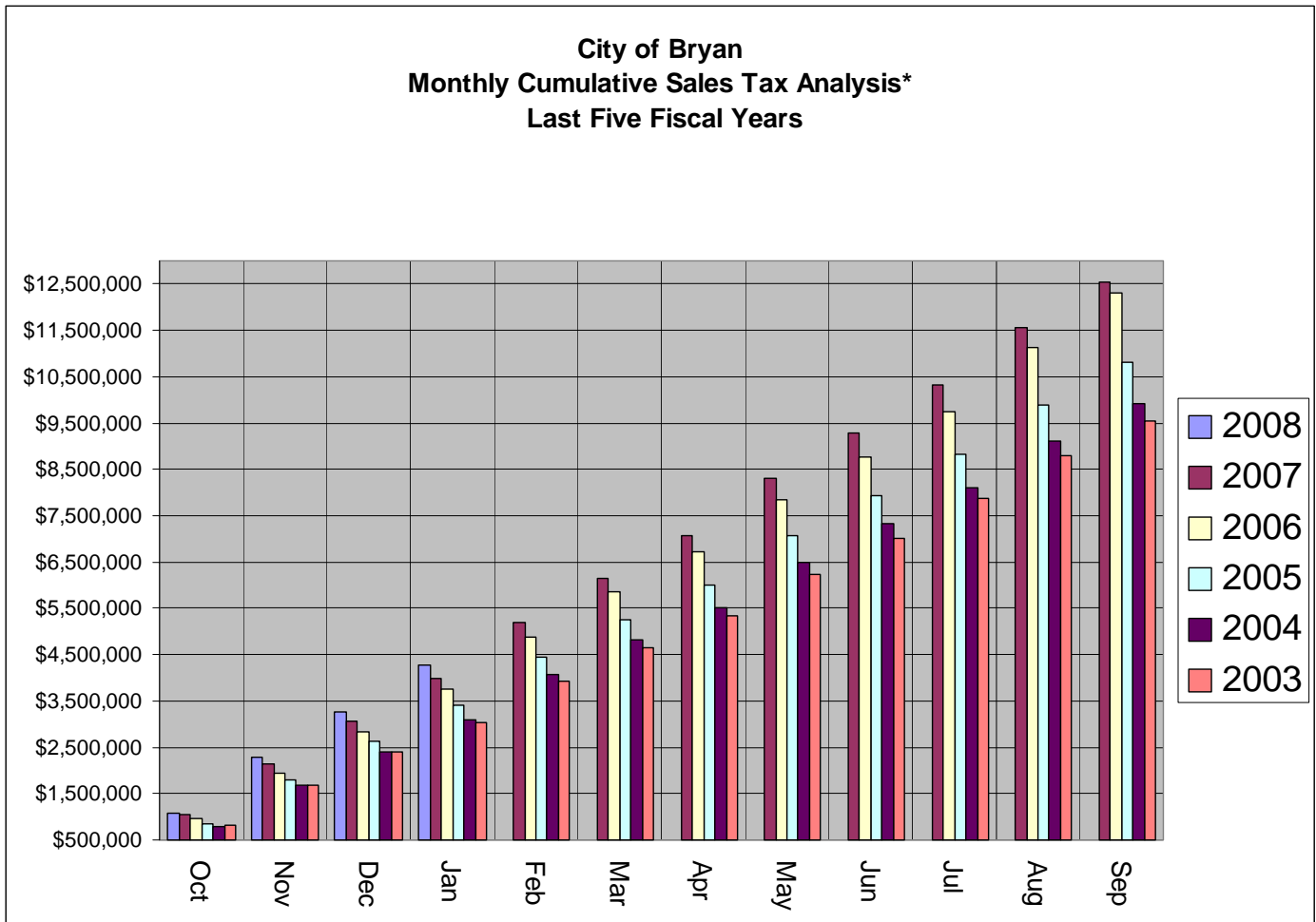
*Does not include CO's, Bonds, or BTU

Revenue Narrative

General Fund Revenues: The majority of General Fund revenues are comprised of Sales Tax (30%) and Property Tax Revenues (27%). Other revenues within the General Fund include Franchise Tax revenues, and charges for services including Building Permits and Inspections, Bingo Tax, Ambulance Collections, and other miscellaneous revenues. Overall revenues for the first quarter are \$28,874,638 - slightly higher than the prorated budget for the time period. While sales tax collections are lower than expected for the first quarter, property tax collections were slightly higher than anticipated. A cautionary note that two revenue streams (sales tax and ambulance fees) are somewhat below budget estimates.

Property Tax collections for the first quarter of 2008 totaled \$6,172,507, which represents approximately 44% of the budgeted property tax collections for FY2008. The majority of property tax collections are received in quarters 1 and 2 of each fiscal year, with 10-15% being collected in the final two quarters of the year. Collections for Quarter 1 in FY2007 represented 32% of the annual collections.

Sales tax collections totaled \$3,433,286 for the first quarter of the 2008 fiscal year; this is 2% below budget for the period. Comparatively, sales tax collections for the same period of 2007 were \$3.2 million, a \$220 thousand (6.9%) increase for FY2008. Sales Tax collections by quarter are relatively constant. A comparison of sales tax collections by month for the first three months of FY2008 with the past 5 fiscal years appears in the graph below.



Franchise Tax collections for gas, telephone, cable, and oil pipelines are estimated to generate approximately \$1.8M in FY2008. Revenues for Franchise Taxes are typically received within the 2nd, 3rd, and 4th quarters with 25%, 30%, and 45% of the annual collections in those respective quarters. There are typically no revenues received for this revenue source in Quarter 1.

The City of Bryan also receives revenue from the City of College Station that covers the cost of running the College Station Library. It is anticipated that the City of Bryan will receive approximately \$935 thousand from the City of College Station in FY2008. Collections for the first quarter represent approximately 30% of the annual contribution and include a one-time annual book contribution from the City of College Station for this fiscal year.

Ambulance Collections for the year are estimated at \$1.3M. Collections typically remain relatively constant throughout the year. Quarter 1 revenues for this category generated approximately \$197,083 or 15% of the estimated FY2008 Ambulance Collections. Collections for the quarter fell short of budgeted estimates by \$135,916. Revenue estimates included a change in billing that may not take place until mid-year. Revenues for this source may fall short of original projections.

Municipal Golf Course Revenues are estimated to generate approximately \$767,000 in FY2008. Naturally, golf is seasonally driven with over 33% of the revenues generated during the summer months (July, August, and September) or the 4th quarter. The golf course revenues generated \$164,246.15 (or 21% of budget) during the first quarter of 2008.

Licenses and Permits revenue is slightly below projections and below FY2007 revenues for the same time period. FY2008 saw an 11% or \$74,594 decrease over FY2007 revenues for the first quarter.

Community Development (CD) Revenues: This fund operates in a reimbursement mode for both the State and Federal grants. Thus, the fact that expenses exceed revenues during the year is to be expected.

Hotel/Motel Tax Revenues: These taxes are collected on a quarterly basis. The revenues generated for the quarter ended December 31, 2007 is estimated to be \$58,965.32 and is due to the City by January 30, 2008. Anticipated revenues are expected to reflect a 1.29% increase over 2007 Quarter 1 Hotel/Motel Tax Revenues.

Oil and Gas Fund Revenues: The Oil and Gas Fund accounts for royalties and fees from companies drilling on City owned property. Through December 31, 2007, collections from these leases are \$4,400, significantly less than the projected budget. Interest income for the period totals \$5,240. An estimated \$115,000 is expected to be collected in the first month of Quarter 2 due to new well revenues.

Special Projects Revenues: The Special Projects Fund accounts for the receipt and expenditure of the Elf Atochem pollution settlement. The last payment in the settlement was received in fiscal year 2005. Revenues generated in this account are now limited to the interest earned. Interest earned in this fund for the current quarter is \$12,346. As this fund is depleted, the interest earned will also diminish correspondingly.

Court Technology Fund Revenues: Revenues in the Court Technology Fund generated by the Technology Fee during the first quarter of FY2008 are \$11,680, which is slightly lower than projections for the quarter. Interest earned on this fund totals \$2,899 and the year to date revenues total \$14,579.

TIRZ 8 (Park Hudson) Revenues: No property tax revenues were received during the first quarter; therefore, projections for the fund appear to be significantly off from year-end projections. Property tax collections for this fund are typically realized in the third and fourth quarters. Interest earnings for the period of \$17,248 were slightly above anticipated income.

TIRZ 10 (Traditions) Revenues: Traditions lot sales were \$335,882 for the first quarter, which exceeded expectations by 20%. Property tax collections for this fund are typically realized in the third and fourth quarters. Interest earnings of \$55,562 were significantly above anticipated revenues.

Bryan Commerce & Development (BCD) Revenues: This fund relies on transfers from other funds to cover expenses. There were no funds transferred during the first quarter to this fund.

Debt Service Fund Revenues: The Debt Service Fund receives tax collections and other funds segregated for the payment of principal and interest on debt secured by a pledge of the full faith and credit of the City. Through the first quarter current property tax collections total \$2,931,215. These collections exceeded projections for this period. The majority of collections for this fund are typically seen in the first and second quarters of the year. Therefore, the higher collections seen in the first quarter have skewed the year-end projections. Delinquent tax collections were on par with expectations and interest income fell short of estimated projections.

Water Fund Revenues: Revenues in this fund totaled \$2.88 million in the first quarter of FY2008. This is \$186 thousand more than the projected sales figure of \$2.7 million. Actual commercial and residential water revenues totaled \$2.58 million, which is \$150 thousand (6%) more than the amount expected in the projected budget. Overall, the Water Fund earned \$229 thousand more in Residential/Commercial revenues than the same period of FY2007.

Wastewater Fund Revenues: Total operating revenues in the Wastewater Fund were \$3.04 million through December 31, 2007, this exceeds the projections of \$2.96 million by 3%. Residential and Commercial Wastewater Revenues totaled \$2.8 million through the first quarter, which is 2% above the projected budget.

Airport Fund Revenues: Rental income for hangars and spaces total \$7,345 at December 31, 2007, which is above the projections by 9%. Interest income for this fund totaled \$996 for this quarter.

Solid Waste Revenues: Solid Waste total revenues of \$1.88 million were slightly below the projected budget by \$40 thousand for the period through December 31, 2007. Residential fees of \$931 thousand are 1% below projections, while Commercial fees exceeded expectations with billed revenues of \$753 thousand, which is 3% higher than the projected revenues.

Self Insurance Fund Revenues: The Self Insurance Fund is maintained for the purpose of paying workers compensation and liability claims for damages on behalf of the City. The sources of funds for the Self Insurance Fund are premiums charged to other funds. Premiums collected year-to-date total \$312,167 and total revenues are \$419,022. Interest income is 77% ahead of projections.

Employee Benefits Trust Fund Revenues: This fund was established for the purpose of financing self-funded programs. Revenues for this fund are collected from employees and departments for health and dental premiums. Revenues collected are used to pay claims as they are incurred. Premiums collected year-to-date total \$1.6 million. Interest income is 42% ahead of projections.

CITY OF BRYAN, TEXAS
Expense Summary for All Funds
Fiscal Year 2008 through December 31, 2007
Quarter 1 - Fiscal Year 2008
25% of budget year lapsed

	FY2007 Actual 12 months	FY08 Revised* Budget	YTD Actual @ 12/31/07	YTD Budget Variance	% of Actual to Budget	Year-end % based on YTD
<u>Expenses</u>						
General	\$ 52,141,127	52,263,911	\$ 10,705,156	\$ 41,558,756	20.48%	81.93%
Community Development	1,519,876	2,033,037	367,405	\$ 1,665,632	18.07%	72.29%
Hotel/Motel Tax	213,878	213,886	45,828	\$ 168,058	21.43%	85.71%
Oil and Gas	-	20,000	-	\$ 20,000	0.00%	0.00%
Court Technology	8,245	194,000	-	\$ 194,000	0.00%	0.00%
Street Improvement Fund	3,560,520	3,450,649	354,166	\$ 3,096,483	10.26%	41.05%
Drainage Improvement Fund	425,407	2,790,773	158,594	\$ 2,632,179	5.68%	22.73%
Special Projects	363,279	487,000	-	\$ 487,000	-	0.00%
TIRZ #8-Park Hudson	291,706	1,912,107	16,648	\$ 1,895,459	0.87%	3.48%
TIRZ #10-Traditions	1,822,829	4,652,299	103,851	\$ 4,548,448	2.23%	8.93%
TIRZ #22-Lauth Devel.	467,167	2,698,005	466,330	\$ 2,231,675	17.28%	69.14%
TIRZ #19-Nash Street	-	-	-	\$ -	-	-
Street Improvement Fund	(15,000)	-	-	\$ -	-	-
Bryan Commerce & Development	9,886,299	602,732	923,278	\$ (320,546)	153.18%	612.73%
Debt Service	7,194,993	7,320,345	2,173	\$ 7,318,172	0.03%	0.12%
Water	18,635,078	10,865,648	2,366,341	\$ 8,499,307	21.78%	87.11%
Wastewater	11,871,040	10,934,759	2,179,345	\$ 8,755,414	19.93%	79.72%
Airport	265,090	38,112	3,725	\$ 34,387	9.77%	39.09%
Solid Waste	6,523,559	7,525,982	1,615,723	\$ 5,910,259	21.47%	85.87%
Self-Insurance Fund	1,558,301	2,551,153	452,674	\$ 2,098,479	17.74%	70.98%
Employee Benefits Fund	7,826,546	6,720,095	1,637,811	\$ 5,082,284	24.37%	97.49%
Warehouse Fund	1,941	-	-	\$ -	-	-
Cemetery Fund	-	3,500	-	\$ 3,500	-	0.00%
Miscellaneous Trust Funds	1,588	-	-	\$ -	-	-
Total Expenses	\$ 124,563,469	117,277,993	\$ 21,399,048	\$ 95,878,945	18.25%	109.48%

*Includes encumbrances rolled from FY07 and FY08 adopted budget amendments
Does not include CO's, Bonds, or BTU

Expense Narrative

General Fund Expenses: Expenses in the General Fund totaled \$10.7 million during the first quarter of FY2008. Based on these figures for the first quarter, it is anticipated that the fiscal year expenses will total an estimated 81.93% of FY2008 budgeted expenses - if the rate of expenses remains the same throughout the year. Typically, the first quarter's expenses are the lowest of the year since many projects are just beginning. Additionally, there are multiple holiday periods during this quarter that interrupt the normal flow of business. The first quarter's expenses are not typically indicative of the spending pattern for the remaining three quarters of the year.

Community Development Expenses: Expenses for the first quarter total \$367,405, well below the projected budget for the time period. Since many of the projects Community Development funds are reimbursement based, low first quarter expenses are to be expected since the recipient agencies only began projects during the first quarter.

Hotel/Motel Tax Expenses: Expenses in the Motel Tax Fund consist primarily of payments to the Brazos Valley Convention and Visitors Bureau and the Arts Council for operations. These payments are made quarterly to these agencies. Year-to-date expenses in this fund reflect payments to those agencies.

Oil and Gas Fund Expenses: Oil and Gas Fund Expenses planned in FY2008 include any necessary transfers to the BCD (rollback taxes). No payments or transfers have been effected as of the end of the first quarter.

Court Technology Fee Expenses: Expenses of Court Technology Fees are restricted to expenses that improve the technological efficiency of the Municipal Court. Planned expenses for this fiscal year include five credit card machines for the new Justice Center facility, three new computers, and a court software case flow management system, estimated to cost approximately \$180,000.

Street Improvement Fund Expenses: All annual proceeds from the Street Improvement Fund Fee are coupled with unspent prior year resources for authorized street maintenance projects during the current fiscal year. Expenses from this fund are typically contract driven and will vary throughout the year. In an effort to receive best-value contracts, revenues are typically pooled so larger contracts can be let, therefore, receiving economies of scale for a larger contract.

Drainage Improvement Fund Expenses: Drainage Improvement Fund revenues for the current and prior year are expected to be spent during the course of the fiscal year on drainage improvement projects. Expenses are on track with projections. As with the Street Improvement Fund, this fund is contract driven and funds are pooled in an effort to receive best-value contracts.

Special Projects Fund Expenses: A budget amendment was made during the first quarter of FY2008 to transfer funds to TIRZ #22 (Lauth Development) for the purpose of façade improvements for this development. There are currently no additional expenses planned for FY2008.

TIRZ 8 (Park Hudson) Expenses: Expenses of \$16,648 during the first quarter were for professional engineering/planning services. Transfers out of the fund are for debt service payments, which are made in February and August of each year.

TIRZ 10 (Traditions) Expenses: Professional engineering/planning services expenses were incurred during the first quarter in the amount of \$103,851. The final land payment was made from Bryan Commerce and Development during the first quarter of FY2008.

TIRZ 22 (Lauth) Expenses: Professional engineering/planning services expenses were incurred during the first quarter in the amount of \$1,977 and construction expenses were \$464,000 during the same time period.

Bryan Commerce & Development (BCD) Expenses: Professional engineering/planning services expenses were incurred during the first quarter in the amount of \$1,977 and construction expenses were \$464,000 during the same time period. Expenses are expected to increase throughout the year as this fund will be purchasing Downtown properties for re-development.

Debt Service Fund Expenses: Debt Service Funds Payments of principal and interest on debt are paid on February 15 (Quarter 2) and August 15 (Quarter 3). Expenses for Quarter 1 were comprised of bond council fees totaling \$2,173.

Water Fund Expenses: Operating expenses in the Water Fund totaled \$2.36 million through December 31, 2007; following the trend of other funds, all three departments in the Water Fund were slightly under budget for the quarter with expenses coming in at 89% of budgeted expenses for the period. Non-operating expenses are comprised of operating transfers and are within established targets.

Wastewater Fund Expenses. Operating expenses for the first quarter of FY2008 finished within budgetary constraints. The total operating expenses of \$2.17 million are 21% less than the projected budget. As with the other funds within the City, the first quarter's expenses are anticipated to be the lowest of the fiscal year. As with the Water Fund, the non-operating expenses are comprised of operating transfers and are within established targets.

Airport Fund Expenses: Airport expenses totaled \$3,742 for the first three months of the fiscal year. This expense is below the projected budget of \$8,632 for this time period.

Solid Waste Expenses: Total expenses in the Solid Waste Fund were \$1.61 million which was below the first quarter projections of \$1.87 million by 14%.

Self Insurance Fund Expenses: Total expenses from this fund are comprised of claims and judgments totaled \$1,637,811 for the quarter. This is \$180 thousand (29%) less than the projected budget for this time period.

CITY OF BRYAN, TEXAS
Summary of General Fund Expenditures
Fiscal Year 2008 through December 2007
Quarter 1 - Fiscal Year 2008
25% of budget year lapsed

	<u>FY07 Actuals</u>	<u>FY08 Revised* Budget</u>	<u>YTD Budget</u>	<u>YTD Actual</u>	<u>YTD Budget Variance</u>	<u>Budget Balance</u>	<u>% of FY08 Budget expended</u>	<u>Year-end % based on YTD</u>
<u>Expenditures</u>								
General Administration								
Executive	1,087,432	1,057,100	269,352	190,217	79,135	866,883	17.99%	71.98%
Public Information	266,208	415,687	97,541	59,679	37,862	356,008	14.36%	57.43%
Neighborhood/Youth Svcs.	138,079	199,090	49,749	25,473	24,276	173,617	12.79%	51.18%
Internal Audit	110,332	128,738	32,169	24,452	7,717	104,286	18.99%	75.97%
City Secretary	434,959	542,204	135,510	110,476	25,034	431,728	20.38%	81.50%
City Council Services	288,672	376,946	94,212	93,757	455	283,189	24.87%	99.49%
Municipal Court	970,480	1,085,072	271,215	230,842	40,373	854,230	21.27%	85.10%
Legal Services	512,735	588,770	147,168	76,291	70,877	512,479	12.96%	51.83%
Payments to Other Agencies	8,575,979	1,924,366	484,886	251,130	233,756	1,673,236	13.05%	52.20%
Total General Administration	<u>12,384,876</u>	<u>6,317,973</u>	<u>1,581,802</u>	<u>1,062,315</u>	<u>519,487</u>	<u>5,255,658</u>	<u>16.81%</u>	<u>67.26%</u>
Support Services								
Finance & Accounting	944,736	1,115,594	278,850	189,360	89,490	926,234	16.97%	67.90%
Information Technology	2,002,977	2,390,117	597,495	707,543	(110,048)	1,682,574	29.60%	118.41%
Purchasing Administration	477,813	528,905	132,183	99,224	32,959	429,681	18.76%	75.04%
Human Resources Services	580,577	611,756	152,904	146,805	6,099	464,951	24.00%	95.99%
Fleet Administration	832	645,055	161,214	12,795	148,419	632,260	1.98%	7.93%
Facilities Administration	1,457,653	1,966,088	491,472	346,732	144,740	1,619,356	17.64%	70.54%
Total Support Services	<u>5,464,588</u>	<u>7,257,515</u>	<u>1,814,118</u>	<u>1,502,459</u>	<u>311,659</u>	<u>5,755,056</u>	<u>20.70%</u>	<u>82.81%</u>
Public Works								
Public Works Admin.	51,987	179,221	44,790	35,843	8,947	143,378	20.00%	80.00%
Engineering	1,175,104	1,526,863	381,672	234,373	147,299	1,292,490	15.35%	61.40%
Transportation	3,111,642	3,562,214	872,866	721,785	151,081	2,840,429	20.26%	81.05%
Total Public Works	<u>4,338,733</u>	<u>5,268,298</u>	<u>1,299,328</u>	<u>992,002</u>	<u>307,326</u>	<u>4,276,296</u>	<u>18.83%</u>	<u>75.32%</u>
Public Safety								
Police Administration	12,829,168	14,195,433	3,548,787	2,955,080	593,707	11,240,353	20.82%	83.27%
Fire Administration	8,525,333	10,537,085	2,629,596	2,499,190	130,406	8,037,895	23.72%	94.87%
Total Public Safety	<u>21,354,501</u>	<u>24,732,518</u>	<u>6,178,383</u>	<u>5,454,270</u>	<u>724,113</u>	<u>19,278,248</u>	<u>22.05%</u>	<u>88.21%</u>
Community Services								
Special Projects	102,713	108,649	26,789	22,480	4,309	86,169	20.69%	82.76%
Bryan Library Services	1,355,513	1,428,887	357,183	299,041	58,142	1,129,846	20.93%	83.71%
College Station Library	854,315	879,207	219,774	175,864	43,910	703,343	20.00%	80.01%
Planning Administration	610,740	647,198	161,769	112,542	49,227	534,656	17.39%	69.56%
Parks and Recreation	4,831,432	4,470,359	1,134,040	899,699	234,341	3,570,660	20.13%	80.50%
Inspection Administration	843,716	1,153,307	288,285	184,484	103,801	968,823	16.00%	63.98%
Total Community Services	<u>8,598,429</u>	<u>8,687,607</u>	<u>2,187,840</u>	<u>1,694,110</u>	<u>493,730</u>	<u>6,993,497</u>	<u>19.50%</u>	<u>78.00%</u>
Total Expenditures	<u>52,141,127</u>	<u>52,263,911</u>	<u>13,061,471</u>	<u>10,705,156</u>	<u>2,356,316</u>	<u>41,558,756</u>	<u>20.48%</u>	<u>81.93%</u>

* Includes FY07 encumbrances rolled to FY08

General Fund Expenditure Narrative

General Fund Expenses: Expenses in the General Fund totaled \$10.7 million during the first quarter of FY2008. Based on these figures for the first quarter, it is anticipated that the fiscal year expenses will total an estimated 81.93% of FY2008 budgeted expenses – given the rate of expenses remain the same throughout the year. Typically, the first quarter's expenses are the lowest of the year since many projects are just beginning. Additionally, there are multiple holidays that interrupt the normal flow of business during this quarter. The first quarter's expenses are typically not indicative of the spending pattern for the remaining three quarters of the year.